

**LBO
Report**

**MO HealthNet Expenditure Projections
Fiscal Years 2010-2014**

Required by Section 208.985, RSMo

December 2008

Legislative Budget Office
Joint Committee on Legislative Research
Missouri General Assembly
State Capitol, 117-A
Jefferson City, MO 65101

Preface

Section 208.985 of the Revised Statutes of Missouri (added by Section 1 of SB 577 of 2007) requires the Legislative Budget Office [LBO] to prepare annually 5-year projections of both costs and participants for the MO HealthNet program. The projections are to be issued to the General Assembly, the Governor, the Joint Committee on MO HealthNet, and the MO HealthNet Oversight Committee. They are to include the total cost of the program, spending by selected programs within the total, enrollment by population and geographic area, financial need going forward, and projected required reimbursement rates. This report fulfills the statutory requirement.

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December 31, 2008

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Summary

For the current year, state fiscal year [SFY] 2009, LBO projects that total MO HealthNet spending will reach \$6.433 billion, up from the \$6.067 billion expended in SFY 2008. Enrollment is expected to average 836,402, up from the average of 830,341 in the prior fiscal year.

In the budget year, SFY 2010, LBO projects that under current law the MO HealthNet program will cost \$6.874 billion and serve 836,689 people a month on average. At the end of the projection period, SFY 2014, total expenditures are expected to reach \$8.836 billion, while the number of people served increases to 844,130.

Average annual growth between the current year and SFY 2014 – that is, the next five years – is expected to be 6.6 percent. Cumulative MO HealthNet spending over the projection period (SFYs 2010 - 2014) totals \$39.036 billion.

MO HealthNet expenditures are expected to be greatest for the Blind and Disabled population, followed by Children. Over the projection period cumulative expenditures total \$15.230 billion for the Blind and Disabled, and \$8.930 billion for Children. In terms of numbers of Missourians served, however, the categories are reversed: Children are the largest population enrolled in the MO HealthNet program, followed by the Blind and Disabled.¹

The most rapid growth in spending, however, is for neither of those groups. Expenditures are expected to grow most rapidly (9.0 percent annually, on average, over the projection period) for the Adults (Mandatory) population, which consists mostly of low income non-elderly individuals, followed by young people covered by the State Children's Health Insurance (SCHIP) program (annual average growth of 8.8 percent).

The most costly MO HealthNet service over the projection period is expected to be the payment of managed care premiums for MO HealthNet enrollees. Such spending is expected to total \$7.530 billion over the next five years, or slightly more than 19 percent of total MO HealthNet expenditures. The second and third most costly programs are nursing facilities and pharmacy services, respectively, at about 13 percent of the total. Those shares of the total are up very slightly from the actual results for 2008.

¹ More detail on the MO HealthNet eligibility criteria that make up the seven eligible populations used in this report can be found in the "Projection Methodology" section of this document.

Population Projections

LBO is required to report projections of the number of persons eligible for MO HealthNet benefits by population and geographic area. The geographic regions LBO adopted are the same ones used by the Department of Social Services, and are shown in Figure 1 (which has been copied from the Department's Monthly Management Report).

Monthly enrollment for SFY 2008 averaged 830,341. The greatest number of participants live in the St. Louis region. Enrollment in the MO HealthNet program in the St. Louis region was 227,481, which is 27 percent of the statewide total. The second largest concentration of MO HealthNet enrollees in SFY 2008 is in the Southwest region of the state, followed by the Southeast region. About 172,000 persons were enrolled in the Southwest region in 2008 (21 percent of the statewide total), while another 142,603 were enrolled in the Southeast region (17 percent of the statewide total).

As shown in Table 1 below, the dependence of Missouri residents on the MO HealthNet program varies in the different regions of the state. Thus, while the St. Louis region has the largest number of MO HealthNet participants, a much greater share of the region's population uses the MO HealthNet program in the Southeast region.

Table 1
Comparison of MO HealthNet Enrollees
With State Population Projections
2008, by Region

<u>Region</u>	<u>Enrollees¹</u>	<u>Population</u>	<u>Percent</u>
Northwest	73,622	562,873	13.1%
Kansas City	126,803	964,627	13.1%
Southwest	171,973	1,082,178	15.9%
Northeast	86,519	700,905	12.3%
St. Louis	227,481	1,912,808	11.9%
Southeast	142,603	680,418	21.0%
Out of State	<u>1,340</u>	<u>na</u>	<u>na</u>
Total	830,341	5,903,809	14.1%

na--Not applicable.

¹--Average Monthly Enrollees for State Fiscal Year.

LBO projects that enrollment for SFY 2009 will average 836,402 (see Table 2). This is an annual increase of 0.7 percent (see Table 3). For state fiscal years after 2009, overall growth in persons enrolled in the program is expected to be an average annual rate of 0.2 percent,

Figure 1
Department of Social Services
Regions

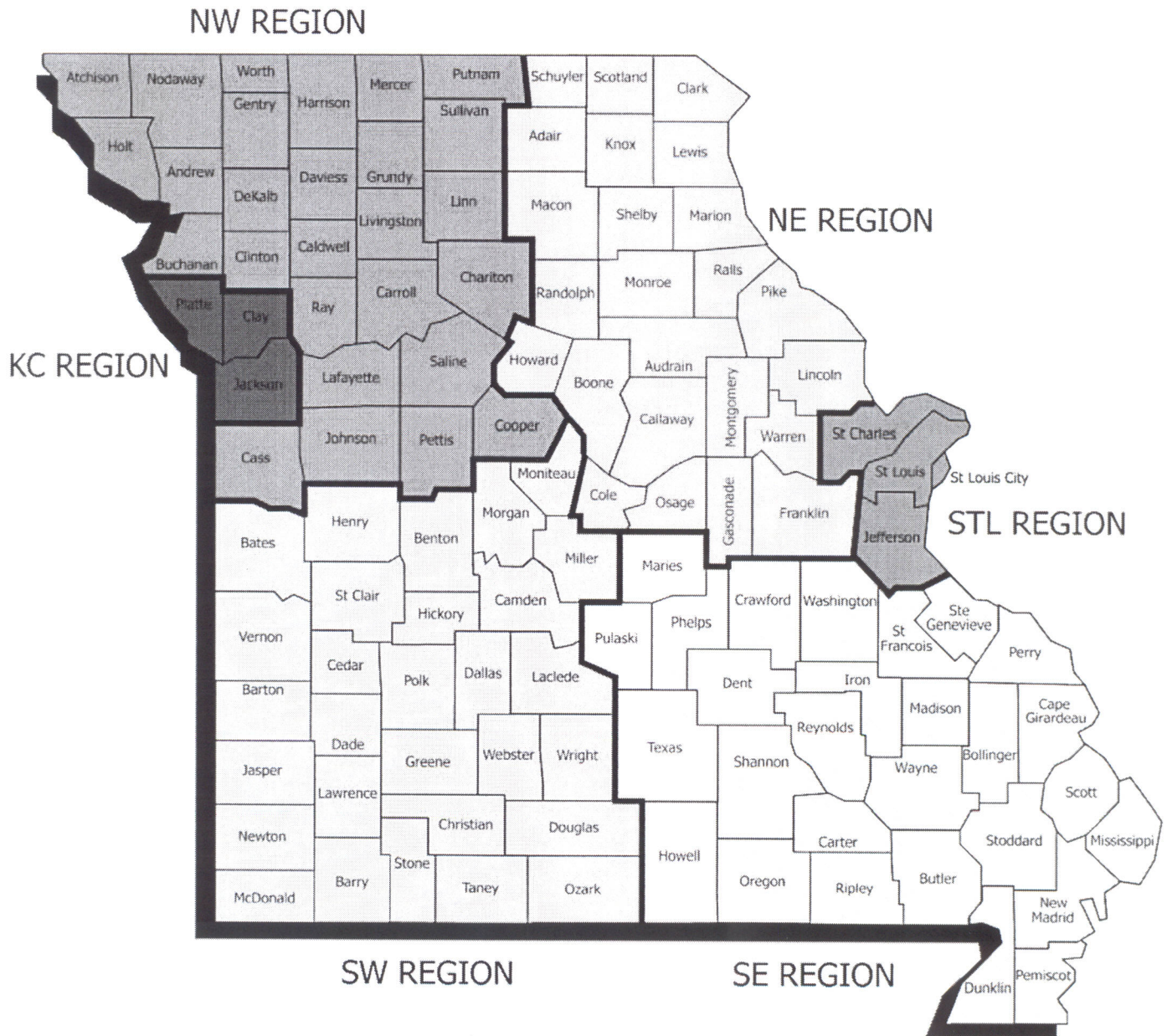


Table 2
Average Monthly MO HealthNet Enrollment
Fiscal Year Totals by Region and Population

	<u>2008 (Actual)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
GRAND TOTAL							
Aged	66,784	66,397	67,028	68,094	69,578	71,073	72,557
Blind and Disabled	142,631	147,070	147,738	148,578	149,455	150,181	150,918
Adults (Mandatory)	81,850	81,369	81,970	82,501	82,866	83,066	83,214
Adults (Optional)	43,322	42,379	42,739	43,090	43,354	43,532	43,672
Children	427,181	428,321	426,512	424,639	423,260	422,626	422,565
SCHIP	58,484	59,980	59,756	59,669	59,669	59,780	60,010
Other	<u>10,089</u>	<u>10,886</u>	<u>10,946</u>	<u>11,010</u>	<u>11,084</u>	<u>11,145</u>	<u>11,194</u>
Total	830,341	836,402	836,689	837,581	839,266	841,403	844,130
Northwest Region							
Aged	6,720	6,639	6,676	6,747	6,849	6,956	7,057
Blind and Disabled	12,770	13,198	13,240	13,287	13,340	13,385	13,436
Adults (Mandatory)	6,823	6,802	6,844	6,881	6,912	6,926	6,931
Adults (Optional)	4,417	4,301	4,327	4,349	4,366	4,378	4,382
Children	36,135	36,612	36,591	36,530	36,427	36,407	36,496
SCHIP	5,636	5,956	5,945	5,942	5,944	5,965	6,003
Other	<u>1,121</u>	<u>1,147</u>	<u>1,154</u>	<u>1,157</u>	<u>1,161</u>	<u>1,166</u>	<u>1,168</u>
Total	73,622	74,655	74,777	74,893	74,999	75,183	75,473
Kansas City Region							
Aged	7,726	7,715	7,792	7,925	8,115	8,306	8,496
Blind and Disabled	17,673	18,137	18,227	18,333	18,439	18,534	18,636
Adults (Mandatory)	13,280	13,367	13,470	13,536	13,569	13,590	13,620
Adults (Optional)	6,792	6,642	6,698	6,739	6,764	6,784	6,808
Children	70,852	71,205	70,941	70,638	70,685	70,948	71,148
SCHIP	9,129	9,028	9,006	9,039	9,093	9,145	9,194
Other	<u>1,351</u>	<u>1,477</u>	<u>1,485</u>	<u>1,493</u>	<u>1,502</u>	<u>1,509</u>	<u>1,517</u>
Total	126,803	127,571	127,619	127,703	128,167	128,816	129,419
Southwest Region							
Aged	13,330	13,319	13,548	13,857	14,244	14,630	15,020
Blind and Disabled	30,536	31,529	31,880	32,283	32,684	33,039	33,395
Adults (Mandatory)	14,424	14,463	14,653	14,857	15,036	15,165	15,279
Adults (Optional)	10,414	10,195	10,344	10,505	10,645	10,749	10,848
Children	87,312	87,276	87,460	87,642	87,714	87,913	88,315
SCHIP	13,478	14,362	14,400	14,436	14,472	14,551	14,668
Other	<u>2,479</u>	<u>2,703</u>	<u>2,734</u>	<u>2,769</u>	<u>2,801</u>	<u>2,834</u>	<u>2,861</u>
Total	171,973	173,847	175,019	176,349	177,596	178,881	180,386
Northeast Region							
Aged	7,159	7,056	7,148	7,298	7,498	7,697	7,895
Blind and Disabled	15,478	16,061	16,196	16,361	16,544	16,701	16,848
Adults (Mandatory)	7,711	7,922	8,019	8,117	8,206	8,278	8,333
Adults (Optional)	5,057	4,970	5,023	5,078	5,126	5,162	5,187
Children	43,595	44,385	44,421	44,486	44,533	44,611	44,819
SCHIP	6,589	6,994	6,996	7,010	7,030	7,062	7,116
Other	<u>930</u>	<u>1,018</u>	<u>1,027</u>	<u>1,037</u>	<u>1,049</u>	<u>1,059</u>	<u>1,066</u>
Total	86,519	88,406	88,830	89,387	89,986	90,570	91,264

Table 2
Average Monthly MO HealthNet Enrollment
Fiscal Year Totals by Region and Population

	<u>2008 (Actual)</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
St. Louis Region							
Aged	16,212	16,160	16,221	16,412	16,730	17,051	17,370
Blind and Disabled	36,035	37,119	37,143	37,202	37,269	37,307	37,353
Adults (Mandatory)	26,204	25,350	25,487	25,578	25,601	25,591	25,581
Adults (Optional)	10,115	9,870	9,928	9,973	9,997	10,003	10,008
Children	122,427	120,507	119,290	118,050	117,137	116,403	115,653
SCHIP	14,083	13,774	13,619	13,514	13,448	13,392	13,353
Other	<u>2,405</u>	<u>2,656</u>	<u>2,659</u>	<u>2,666</u>	<u>2,673</u>	<u>2,677</u>	<u>2,682</u>
Total	227,481	225,436	224,347	223,395	222,855	222,424	222,000
Southeast Region							
Aged	15,637	15,508	15,643	15,855	16,142	16,433	16,719
Blind and Disabled	30,139	31,026	31,052	31,112	31,179	31,215	31,250
Adults (Mandatory)	13,408	13,465	13,497	13,532	13,542	13,516	13,470
Adults (Optional)	6,526	6,401	6,419	6,446	6,456	6,456	6,439
Children	65,521	65,570	65,043	64,527	63,998	63,578	63,368
SCHIP	9,569	9,866	9,790	9,728	9,682	9,665	9,676
Other	<u>1,803</u>	<u>1,885</u>	<u>1,887</u>	<u>1,888</u>	<u>1,898</u>	<u>1,900</u>	<u>1,900</u>
Total	142,603	143,721	143,331	143,088	142,897	142,763	142,822
Out of State							
Aged	--	--	--	--	--	--	--
Blind and Disabled	--	--	--	--	--	--	--
Adults (Mandatory)	--	--	--	--	--	--	--
Adults (Optional)	1	--	--	--	--	--	--
Children	1,339	2,766	2,766	2,766	2,766	2,766	2,766
SCHIP	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--
Total	1,340	2,766	2,766	2,766	2,766	2,766	2,766

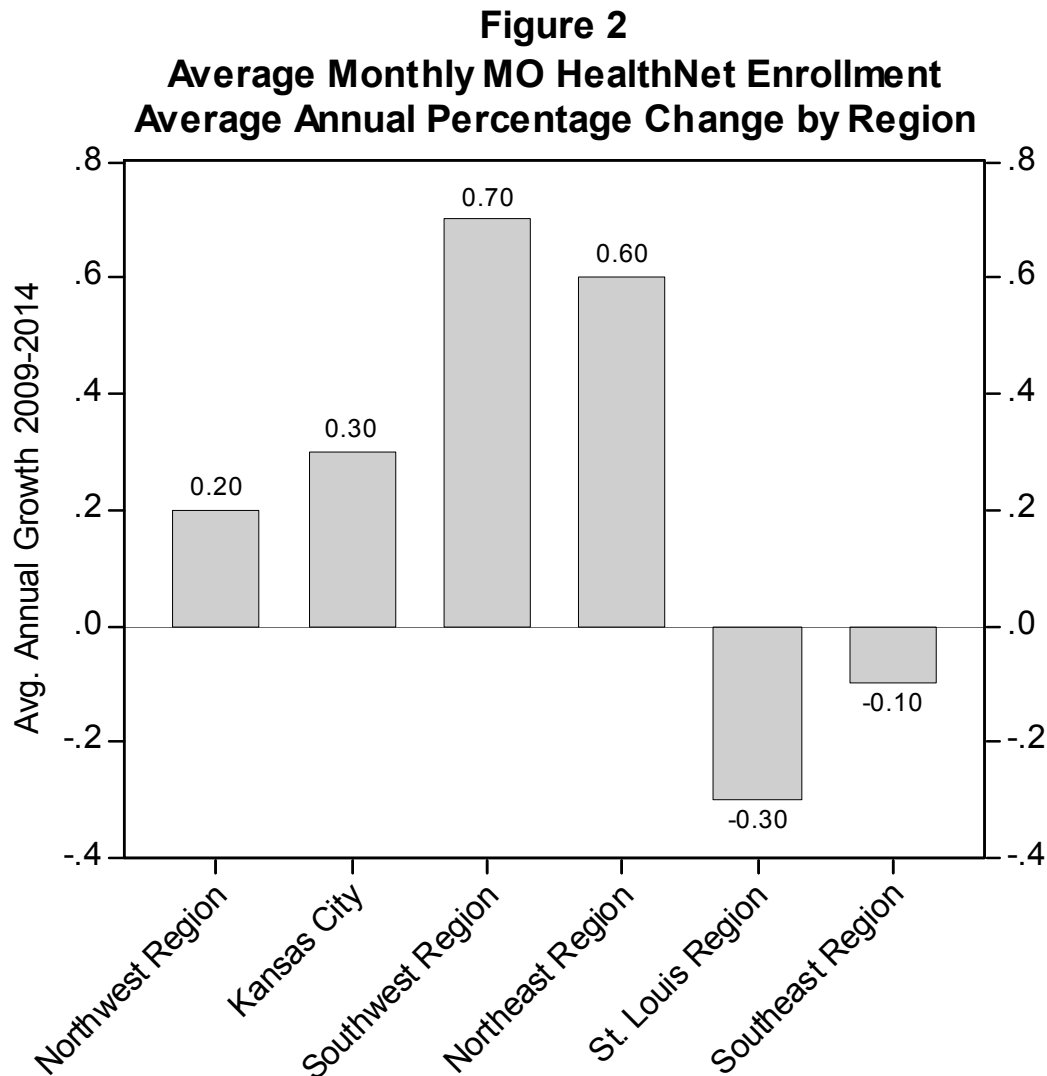
Table 3
Average Monthly MO HealthNet Enrollment
Fiscal Year Percentage Change by and Region and Population

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
GRAND TOTAL							
Aged	-0.6	1.0	1.6	2.2	2.1	2.1	1.8
Blind and Disabled	3.1	0.5	0.6	0.6	0.5	0.5	0.5
Adults (Mandatory)	-0.6	0.7	0.6	0.4	0.2	0.2	0.4
Adults (Optional)	-2.2	0.8	0.8	0.6	0.4	0.3	0.6
Children	0.3	-0.4	-0.4	-0.3	-0.1	0.0	-0.3
SCHIP	2.6	-0.4	-0.1	0.0	0.2	0.4	0.0
Other	<u>7.9</u>	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>0.6</u>	<u>0.4</u>	<u>0.6</u>
Total	0.7	0.0	0.1	0.2	0.3	0.3	0.2
Northwest Region							
Aged	-1.2	0.6	1.1	1.5	1.6	1.5	1.2
Blind and Disabled	3.4	0.3	0.4	0.4	0.3	0.4	0.4
Adults (Mandatory)	-0.3	0.6	0.5	0.5	0.2	0.1	0.4
Adults (Optional)	-2.6	0.6	0.5	0.4	0.3	0.1	0.4
Children	1.3	-0.1	-0.2	-0.3	-0.1	0.2	-0.1
SCHIP	5.7	-0.2	-0.1	0.0	0.4	0.6	0.2
Other	<u>2.3</u>	<u>0.6</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.2</u>	<u>0.4</u>
Total	1.4	0.2	0.2	0.1	0.2	0.4	0.2
Kansas City							
Aged	-0.1	1.0	1.7	2.4	2.4	2.3	1.9
Blind and Disabled	2.6	0.5	0.6	0.6	0.5	0.6	0.5
Adults (Mandatory)	0.7	0.8	0.5	0.2	0.2	0.2	0.4
Adults (Optional)	-2.2	0.8	0.6	0.4	0.3	0.4	0.5
Children	0.5	-0.4	-0.4	0.1	0.4	0.3	0.0
SCHIP	-1.1	-0.2	0.4	0.6	0.6	0.5	0.4
Other	<u>9.3</u>	<u>0.5</u>	<u>0.5</u>	<u>0.6</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>
Total	0.6	0.0	0.1	0.4	0.5	0.5	0.3
Southwest Region							
Aged	-0.1	1.7	2.3	2.8	2.7	2.7	2.4
Blind and Disabled	3.3	1.1	1.3	1.2	1.1	1.1	1.2
Adults (Mandatory)	0.3	1.3	1.4	1.2	0.9	0.8	1.1
Adults (Optional)	-2.1	1.5	1.6	1.3	1.0	0.9	1.2
Children	0.0	0.2	0.2	0.1	0.2	0.5	0.2
SCHIP	6.6	0.3	0.2	0.2	0.5	0.8	0.4
Other	<u>9.0</u>	<u>1.1</u>	<u>1.3</u>	<u>1.2</u>	<u>1.2</u>	<u>1.0</u>	<u>1.1</u>
Total	1.1	0.7	0.8	0.7	0.7	0.8	0.7

Table 3
Average Monthly MO HealthNet Enrollment
Fiscal Year Percentage Change by and Region and Population

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
Northeast Region							
Aged	-1.4	1.3	2.1	2.7	2.7	2.6	2.3
Blind and Disabled	3.8	0.8	1.0	1.1	0.9	0.9	1.0
Adults (Mandatory)	2.7	1.2	1.2	1.1	0.9	0.7	1.0
Adults (Optional)	-1.7	1.1	1.1	0.9	0.7	0.5	0.9
Children	1.8	0.1	0.1	0.1	0.2	0.5	0.2
SCHIP	6.1	0.0	0.2	0.3	0.5	0.8	0.3
Other	<u>9.5</u>	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>	<u>1.0</u>	<u>0.7</u>	<u>0.9</u>
Total	2.2	0.5	0.6	0.7	0.6	0.8	0.6
St. Louis Region							
Aged	-0.3	0.4	1.2	1.9	1.9	1.9	1.5
Blind and Disabled	3.0	0.1	0.2	0.2	0.1	0.1	0.1
Adults (Mandatory)	-3.3	0.5	0.4	0.1	0.0	0.0	0.2
Adults (Optional)	-2.4	0.6	0.5	0.2	0.1	0.0	0.3
Children	-1.6	-1.0	-1.0	-0.8	-0.6	-0.6	-0.8
SCHIP	-2.2	-1.1	-0.8	-0.5	-0.4	-0.3	-0.6
Other	<u>10.4</u>	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>
Total	-0.9	-0.5	-0.4	-0.2	-0.2	-0.2	-0.3
Southeast Region							
Aged	-0.8	0.9	1.4	1.8	1.8	1.7	1.5
Blind and Disabled	2.9	0.1	0.2	0.2	0.1	0.1	0.1
Adults (Mandatory)	0.4	0.2	0.3	0.1	-0.2	-0.3	0.0
Adults (Optional)	-1.9	0.3	0.4	0.2	0.0	-0.3	0.1
Children	0.1	-0.8	-0.8	-0.8	-0.7	-0.3	-0.7
SCHIP	3.1	-0.8	-0.6	-0.5	-0.2	0.1	-0.4
Other	<u>4.5</u>	<u>0.1</u>	<u>0.1</u>	<u>0.5</u>	<u>0.1</u>	<u>0.0</u>	<u>0.2</u>
Total	0.8	-0.3	-0.2	-0.1	-0.1	0.0	-0.1
Out of State							
Aged	na	na	na	na	na	na	na
Blind and Disabled	na	na	na	na	na	na	na
Adults (Mandatory)	na	na	na	na	na	na	na
Adults (Optional)	-100.0	na	na	na	na	na	na
Children	106.6	0.0	0.0	0.0	0.0	0.0	0.0
SCHIP	na	na	na	na	na	na	na
Other	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>
Total	106.4	na	na	na	na	na	na

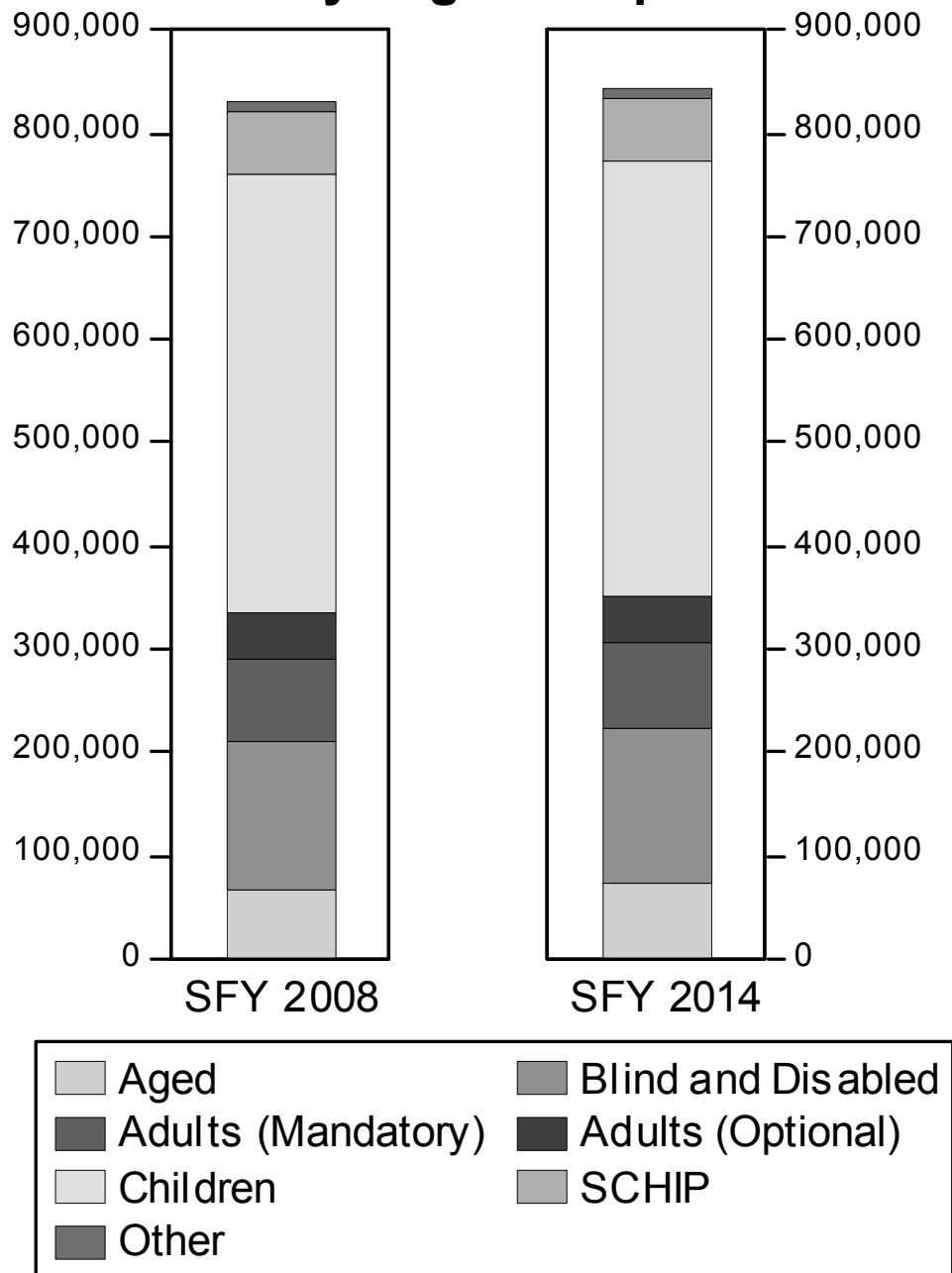
consistent with underlying growth in the state's population.² Growth in the different regions of the state vary sharply around that average, with enrollment in the Southwest region growing by 0.7 percent while declining by 0.3 percent in the St. Louis region. The differences in MO HealthNet enrollment growth is shown graphically in the chart below.



For fiscal year 2014, MO HealthNet enrollment is expected to reach over 844,000 individuals. The composition of persons enrolled in the MO HealthNet program are expected to show only slight changes between 2008 and 2014. Statewide, a slight increase in the Aged group is offset by declines in Children, which can be seen graphically in the chart on the following page.

² More detail on how demographic projections are used in these enrollment projections can be found in the "Projection Methodology" section later in the report.

Figure 3
Average Monthly MO HealthNet Enrollment
Totals by Eligible Population



Expenditure Projections

Total MO HealthNet expenditures were \$6.067 billion for state fiscal year 2008. Of that amount, \$1.375 billion (23 percent) came from the general revenue fund, \$3.005 billion (50 percent) came from federal funds, and \$1.687 billion (27 percent) came from other funds (see Table 4 below). All funds expenditures increased by \$455 million, or 8.1 percent, while general fund expenditures increased by \$61 million, or 4.6 percent.

Table 4
Total MO HealthNet Expenditures
By Fund, State Fiscal Years 2007 and 2008

	<u>2007</u>	<u>2008</u>	<u>Increase</u>	
			<u>\$</u>	<u>%</u>
General Revenue	1,314,628,474	1,375,403,112	60,774,638	4.6%
Federal	2,758,291,053	3,004,774,235	246,483,182	8.9%
Other	<u>1,538,469,036</u>	<u>1,686,669,383</u>	<u>148,200,347</u>	<u>9.6%</u>
Total	5,611,388,563	6,066,846,730	455,458,168	8.1%

Source: Office of Administration, Division of Budget and Planning,
Monthly MO HealthNet Expenditures Report, June 2007 and 2008.

Of the \$6.067 billion expended on the MO HealthNet program in SFY 2008, \$5.497 billion was paid through the program's claims processing system. The remaining net \$570 million was paid outside of the claims processing system, principally to disburse the proceeds of the hospital federal reimbursement allowance program, correct for errors and settle accounts.

LBO projects that total MO HealthNet expenditures will grow to \$6.433 billion in the current fiscal year (SFY 2009), a growth rate of 6 percent (see Tables 5 and 6). Total payments made through the claims processing system are expected to total \$5.862 billion, an increase of \$365 million over claims payments in SFY 2008. The balance is a \$570 million allowance for net payments made outside of the claims payment system, which is the same as the actual figure for SFY 2008.³ For fiscal years after 2009, LBO projects total MO HealthNet expenditures will grow at an annual average rate of 6.6 percent, and will reach \$8.836 billion in 2014.

As shown in Figure 4 on the page 20, MO HealthNet expenditures are expected to grow in every region of the state over the projection period. It is worth noting that the highest rates of expenditure growth occur in the Kansas City and Southwest regions while the rate of growth in enrollees is greater in the Southwest region of the state (compare Figures 2 and 4).

³ More detail on how claims data are used in these expenditure projections can be found in the "Projection Methodology" section that follows.

Table 5
MO HealthNet Expenditures
Totals by Region and Population
(State Fiscal Year in Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2010-2014</u>
GRAND TOTAL								
Aged	1,117.2	1,175.2	1,216.7	1,279.4	1,354.2	1,442.1	1,535.8	6,828.1
Blind and Disabled	2,340.8	2,469.0	2,686.1	2,848.8	3,029.3	3,226.8	3,438.6	15,229.7
Adults (Mandatory)	536.4	581.9	635.8	694.4	757.2	824.3	897.1	3,808.8
Adults (Optional)	70.2	74.0	79.6	85.7	92.2	99.0	106.4	462.8
Children	1,299.6	1,420.4	1,527.3	1,643.3	1,771.7	1,914.6	2,073.0	8,929.9
SCHIP	115.1	125.6	139.2	150.1	162.3	175.9	191.1	818.6
Other	<u>15.0</u>	<u>16.0</u>	<u>18.4</u>	<u>19.7</u>	<u>21.1</u>	<u>22.6</u>	<u>24.2</u>	<u>105.9</u>
Total	5,496.4	5,862.2	6,303.3	6,721.4	7,187.9	7,705.3	8,266.0	36,183.9
Unassigned ¹	<u>570.4</u>	<u>570.4</u>	<u>570.4</u>	<u>570.4</u>	<u>570.4</u>	<u>570.4</u>	<u>570.4</u>	<u>2,852.0</u>
TOTAL	6,066.8	6,432.6	6,873.7	7,291.8	7,758.3	8,275.7	8,836.4	39,035.9
Northwest Region								
Aged	118.6	124.3	127.5	133.0	139.6	147.1	155.2	702.4
Blind and Disabled	241.8	251.0	271.7	285.6	301.0	317.9	336.0	1,512.2
Adults (Mandatory)	46.9	50.9	55.3	60.2	65.4	71.0	76.9	328.8
Adults (Optional)	7.3	7.7	8.3	8.9	9.6	10.3	11.0	48.1
Children	107.3	118.6	127.9	137.9	148.6	160.6	174.3	749.3
SCHIP	10.8	11.8	13.5	14.6	15.8	17.1	18.6	79.5
Other	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>2.3</u>
Total	533.3	564.7	604.6	640.7	680.4	724.5	772.6	3,422.7
Kansas City								
Aged	129.8	136.1	141.1	148.1	156.6	166.7	177.5	790.1
Blind and Disabled	303.4	319.2	344.4	364.3	386.4	410.5	436.4	1,941.9
Adults (Mandatory)	87.8	96.7	106.4	116.8	128.0	140.1	153.4	644.7
Adults (Optional)	13.0	13.6	14.7	15.8	17.0	18.2	19.6	85.3
Children	239.8	262.9	284.5	307.8	335.0	365.8	399.3	1,692.4
SCHIP	19.6	21.4	23.1	25.2	27.6	30.3	33.4	139.6
Other	<u>0.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>0.8</u>	<u>3.3</u>
Total	793.9	850.4	914.8	978.7	1,051.2	1,132.3	1,220.2	5,297.3
Southwest Region								
Aged	192.9	202.8	210.7	222.6	236.7	253.1	270.4	1,193.5
Blind and Disabled	415.5	440.0	481.8	516.7	555.7	598.5	644.5	2,797.1
Adults (Mandatory)	94.2	102.6	111.8	122.0	133.0	144.5	156.9	668.2
Adults (Optional)	12.1	12.8	13.9	15.1	16.3	17.6	19.0	81.9
Children	223.0	242.3	259.6	278.4	298.5	320.7	345.7	1,502.8
SCHIP	24.5	26.7	30.6	32.9	35.4	38.1	41.3	178.2
Other	<u>0.6</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>0.8</u>	<u>0.8</u>	<u>0.9</u>	<u>3.9</u>
Total	962.8	1,027.9	1,108.9	1,188.3	1,276.3	1,373.4	1,478.7	6,425.7

Table 5
MO HealthNet Expenditures
Totals by Region and Population
(State Fiscal Year in Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2010-2014</u>
Northeast Region								
Aged	119.5	125.5	128.2	134.7	142.7	152.2	162.3	720.1
Blind and Disabled	263.9	276.6	300.6	317.9	337.6	359.5	382.8	1,698.4
Adults (Mandatory)	52.1	58.7	64.6	71.0	78.2	85.8	94.1	393.7
Adults (Optional)	7.1	7.5	8.1	8.7	9.4	10.1	10.9	47.1
Children	137.0	151.9	164.4	178.2	193.3	209.8	228.6	974.2
SCHIP	13.9	15.2	17.5	18.9	20.5	22.3	24.3	103.6
Other	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>1.4</u>
Total	593.7	635.6	683.5	729.8	781.9	840.1	903.3	3,938.6
St. Louis Region								
Aged	279.3	294.0	305.3	319.6	337.2	358.4	380.9	1,701.5
Blind and Disabled	623.9	658.6	714.8	754.6	798.6	846.4	897.7	4,012.2
Adults (Mandatory)	160.8	170.4	187.2	205.3	224.6	245.5	268.3	1,131.0
Adults (Optional)	20.6	21.6	23.3	25.0	26.8	28.8	30.9	134.8
Children	384.3	413.4	445.2	479.4	517.8	560.3	606.6	2,609.2
SCHIP	26.0	28.5	30.4	32.8	35.5	38.5	41.9	179.0
Other	<u>0.9</u>	<u>1.0</u>	<u>1.2</u>	<u>1.3</u>	<u>1.4</u>	<u>1.5</u>	<u>1.6</u>	<u>7.0</u>
Total	1,495.9	1,587.5	1,707.4	1,818.0	1,941.9	2,079.4	2,227.9	9,774.7
Southeast Region								
Aged	226.5	238.6	247.0	260.1	275.2	292.7	311.3	1,386.3
Blind and Disabled	420.5	447.2	489.2	520.1	554.3	591.7	631.6	2,786.9
Adults (Mandatory)	87.1	94.8	102.1	110.0	118.4	127.2	136.5	594.2
Adults (Optional)	10.1	10.7	11.4	12.2	13.1	14.0	14.9	65.7
Children	203.5	221.4	235.3	250.4	266.7	284.8	305.3	1,342.5
SCHIP	20.2	21.9	24.2	25.8	27.5	29.5	31.7	138.6
Other	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>2.0</u>
Total	968.2	1,035.1	1,109.6	1,179.0	1,255.7	1,340.2	1,431.7	6,316.2
Out of State								
Aged	--	--	--	--	--	--	--	--
Blind and Disabled	--	--	--	--	--	--	--	--
Adults (Mandatory)	--	--	--	--	--	--	--	--
Adults (Optional)	--	--	--	--	--	--	--	--
Children	4.5	10.0	10.5	11.2	11.8	12.5	13.3	59.3
SCHIP	0.0	--	--	--	--	--	--	--
Other	--	--	--	--	--	--	--	--
Total	4.5	10.0	10.5	11.2	11.8	12.5	13.3	59.3

Table 5
MO HealthNet Expenditures
Totals by Region and Population
(State Fiscal Year in Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2010-2014</u>
Medicare Buy-In Premiums²								
Aged	50.6	53.8	56.9	61.1	66.1	71.9	78.1	334.1
Blind and Disabled	71.7	76.3	83.7	89.5	95.8	102.5	109.6	481.0
Adults (Mandatory)	7.5	7.8	8.4	9.0	9.6	10.3	10.9	48.2
Adults (Optional)	--	--	--	--	--	--	--	--
Children	--	--	--	--	--	--	--	--
SCHIP	--	--	--	--	--	--	--	--
Other	<u>12.2</u>	<u>13.0</u>	<u>15.0</u>	<u>16.0</u>	<u>17.1</u>	<u>18.3</u>	<u>19.6</u>	<u>86.0</u>
Total	142.0	151.0	164.0	175.6	188.6	202.9	218.2	949.4

Note: Details do not add to totals because of rounding.

¹--Payments made outside of the claims processing system.

²--Data is not available by geographic area.

Table 6
MO HealthNet Expenditures
Annual Percentage Change by Region and Population
State Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
GRAND TOTAL							
Aged	5.2	3.5	5.1	5.8	6.5	6.5	5.5
Blind and Disabled	5.5	8.8	6.1	6.3	6.5	6.6	6.8
Adults (Mandatory)	8.5	9.3	9.2	9.0	8.9	8.8	9.0
Adults (Optional)	5.5	7.6	7.6	7.5	7.4	7.4	7.5
Children	9.3	7.5	7.6	7.8	8.1	8.3	7.9
SCHIP	9.1	10.9	7.8	8.1	8.4	8.6	8.8
Other	<u>6.5</u>	<u>14.9</u>	<u>7.0</u>	<u>7.0</u>	<u>7.1</u>	<u>7.0</u>	<u>8.6</u>
Total	6.7	7.5	6.6	6.9	7.2	7.3	7.1
Unassigned ¹	--	--	--	--	--	--	--
TOTAL	6.0	6.9	6.1	6.4	6.7	6.8	6.6
Northwest Region							
Aged	4.8	2.5	4.4	4.9	5.4	5.5	4.5
Blind and Disabled	3.8	8.3	5.1	5.4	5.6	5.7	6.0
Adults (Mandatory)	8.4	8.7	8.7	8.7	8.5	8.4	8.6
Adults (Optional)	5.4	7.5	7.4	7.4	7.4	7.3	7.4
Children	10.5	7.9	7.8	7.8	8.1	8.5	8.0
SCHIP	9.0	14.2	8.0	8.2	8.4	8.8	9.5
Other	<u>6.1</u>	<u>5.0</u>	<u>5.6</u>	<u>5.4</u>	<u>5.7</u>	<u>5.6</u>	<u>5.5</u>
Total	5.9	7.1	6.0	6.2	6.5	6.6	6.5
Kansas City							
Aged	4.9	3.7	4.9	5.7	6.5	6.5	5.5
Blind and Disabled	5.2	7.9	5.8	6.1	6.2	6.3	6.5
Adults (Mandatory)	10.1	10.1	9.8	9.5	9.4	9.5	9.7
Adults (Optional)	5.0	7.7	7.5	7.4	7.3	7.5	7.5
Children	9.6	8.2	8.2	8.8	9.2	9.2	8.7
SCHIP	9.4	7.9	8.9	9.6	9.9	9.9	9.2
Other	<u>8.2</u>	<u>17.6</u>	<u>8.3</u>	<u>8.4</u>	<u>8.5</u>	<u>8.4</u>	<u>10.2</u>
Total	7.1	7.6	7.0	7.4	7.7	7.8	7.5
Southwest Region							
Aged	5.1	3.9	5.7	6.3	6.9	6.9	5.9
Blind and Disabled	5.9	9.5	7.2	7.6	7.7	7.7	7.9
Adults (Mandatory)	9.0	9.0	9.1	9.0	8.7	8.6	8.9
Adults (Optional)	5.8	8.3	8.5	8.3	8.0	8.1	8.2
Children	8.6	7.1	7.2	7.2	7.5	7.8	7.4
SCHIP	9.1	14.2	7.6	7.7	7.8	8.2	9.1

Table 6
MO HealthNet Expenditures
Annual Percentage Change by Region and Population
State Fiscal Year

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
Other		<u>6.3</u>	<u>15.2</u>	<u>6.9</u>	<u>7.1</u>	<u>6.9</u>	<u>7.0</u>	<u>8.5</u>
	Total	6.8	7.9	7.2	7.4	7.6	7.7	7.5
Northeast Region								
Aged		5.0	2.2	5.1	5.9	6.7	6.6	5.3
Blind and Disabled		4.8	8.7	5.8	6.2	6.5	6.5	6.7
Adults (Mandatory)		12.7	10.0	10.0	10.0	9.8	9.6	9.9
Adults (Optional)		6.5	7.6	7.8	7.7	7.6	7.5	7.6
Children		10.9	8.2	8.4	8.5	8.6	9.0	8.5
SCHIP		9.1	14.8	8.3	8.6	8.7	9.0	9.9
Other		<u>7.7</u>	<u>15.3</u>	<u>7.5</u>	<u>7.7</u>	<u>7.9</u>	<u>7.7</u>	<u>9.2</u>
	Total	7.1	7.5	6.8	7.1	7.4	7.5	7.3
St. Louis Region								
Aged		5.3	3.8	4.7	5.5	6.3	6.3	5.3
Blind and Disabled		5.6	8.5	5.6	5.8	6.0	6.1	6.4
Adults (Mandatory)		6.0	9.9	9.7	9.4	9.3	9.3	9.5
Adults (Optional)		5.0	7.5	7.5	7.3	7.3	7.4	7.4
Children		7.6	7.7	7.7	8.0	8.2	8.3	8.0
SCHIP		9.4	6.8	7.8	8.2	8.6	8.7	8.0
Other		<u>7.7</u>	<u>19.5</u>	<u>7.0</u>	<u>7.2</u>	<u>7.3</u>	<u>7.2</u>	<u>9.6</u>
	Total	6.1	7.5	6.5	6.8	7.1	7.1	7.0
Southeast Region								
Aged		5.4	3.5	5.3	5.8	6.3	6.4	5.5
Blind and Disabled		6.4	9.4	6.3	6.6	6.7	6.7	7.1
Adults (Mandatory)		8.8	7.7	7.8	7.6	7.4	7.3	7.6
Adults (Optional)		5.8	6.9	7.2	7.0	6.9	6.7	6.9
Children		8.8	6.3	6.4	6.5	6.8	7.2	6.6
SCHIP		8.7	10.4	6.5	6.7	7.0	7.4	7.6
Other		<u>6.6</u>	<u>9.3</u>	<u>5.6</u>	<u>5.7</u>	<u>6.1</u>	<u>5.7</u>	<u>6.5</u>
	Total	6.9	7.2	6.3	6.5	6.7	6.8	6.7
Out of State								
Aged		--	--	--	--	--	--	--
Blind and Disabled		--	--	--	--	--	--	--
Adults (Mandatory)		--	--	--	--	--	--	--
Adults (Optional)		--	--	--	--	--	--	--
Children		119.8	5.7	5.8	5.9	6.0	6.1	5.9

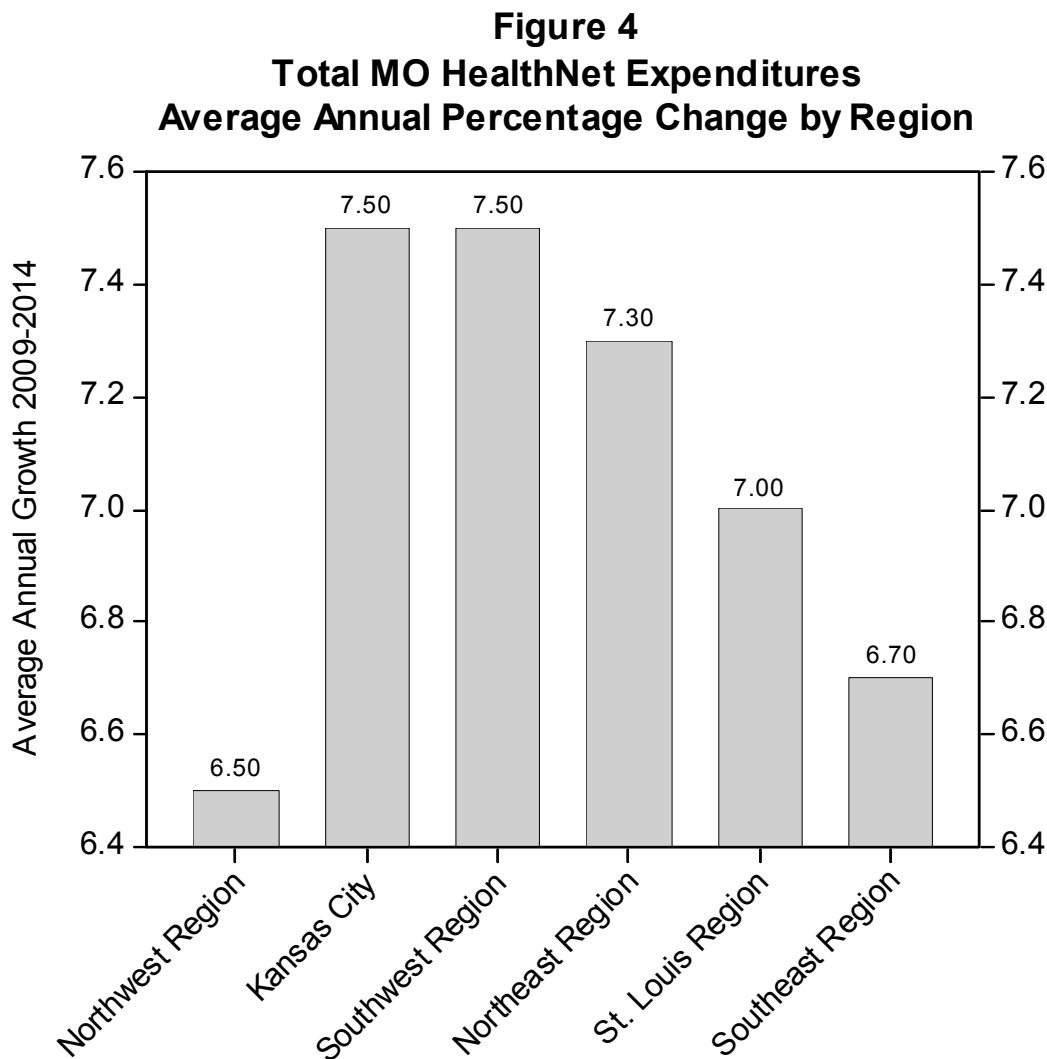
Table 6
MO HealthNet Expenditures
Annual Percentage Change by Region and Population
State Fiscal Year

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
SCHIP		--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--
Total		119.6	5.7	5.8	5.9	6.0	6.1	5.9
Medicare Buy-In Premiums²								
Aged		6.4	5.8	7.4	8.1	8.7	8.7	7.7
Blind and Disabled		6.4	9.7	6.9	7.0	7.0	6.9	7.5
Adults (Mandatory)		5.2	7.2	7.1	6.9	6.7	6.6	6.9
Adults (Optional)		--	--	--	--	--	--	--
Children		--	--	--	--	--	--	--
SCHIP		--	--	--	--	--	--	--
Other		<u>6.4</u>	<u>14.8</u>	<u>7.0</u>	<u>7.0</u>	<u>7.1</u>	<u>7.0</u>	<u>8.5</u>
Total		6.3	8.6	7.1	7.4	7.6	7.5	7.6

¹--Payments made outside of the claims processing system.

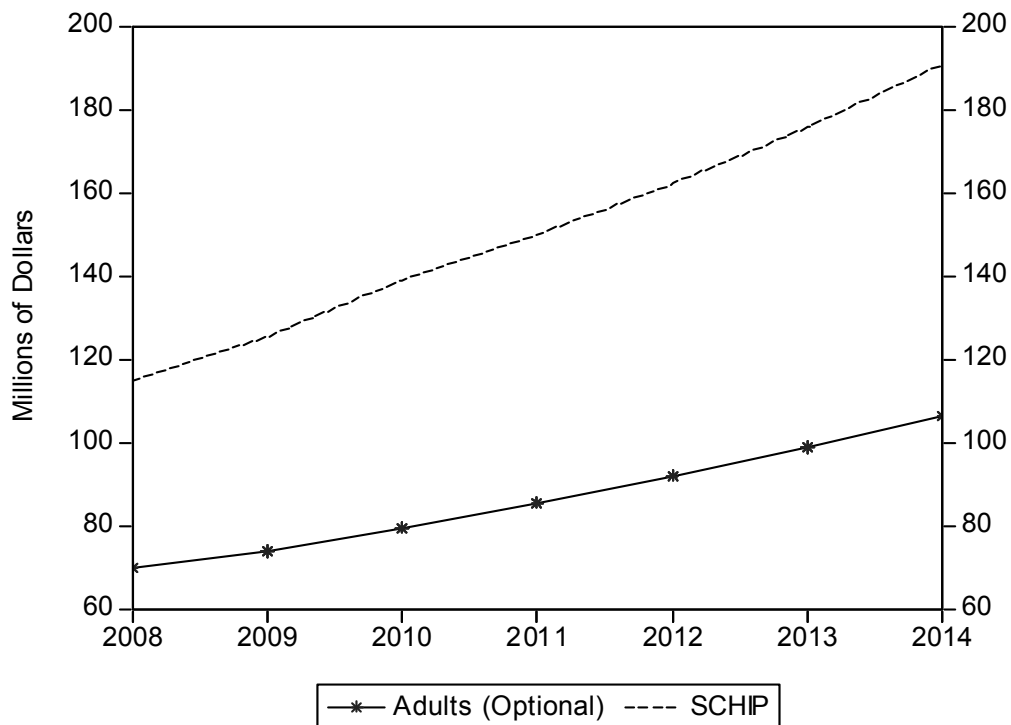
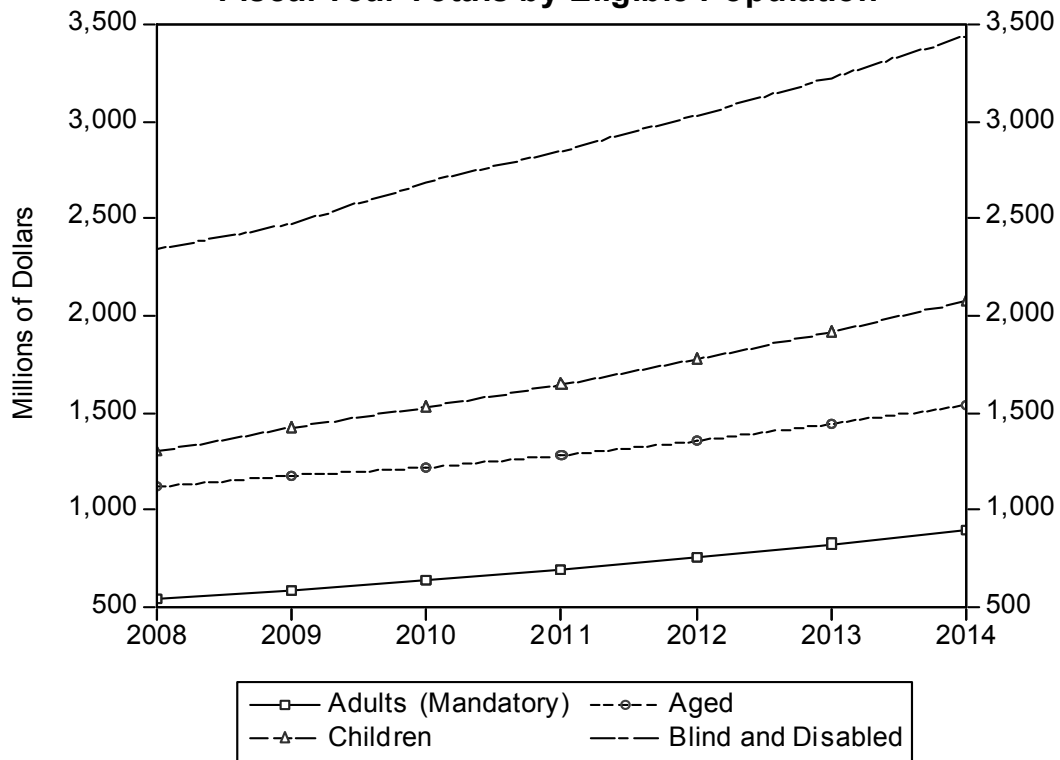
²--Data is not available by geographic area.

The comparison of Figures 2 and 4 also shows that projected declines in caseloads will not offset projected increases in the cost of services in the St. Louis and Southeast regions.



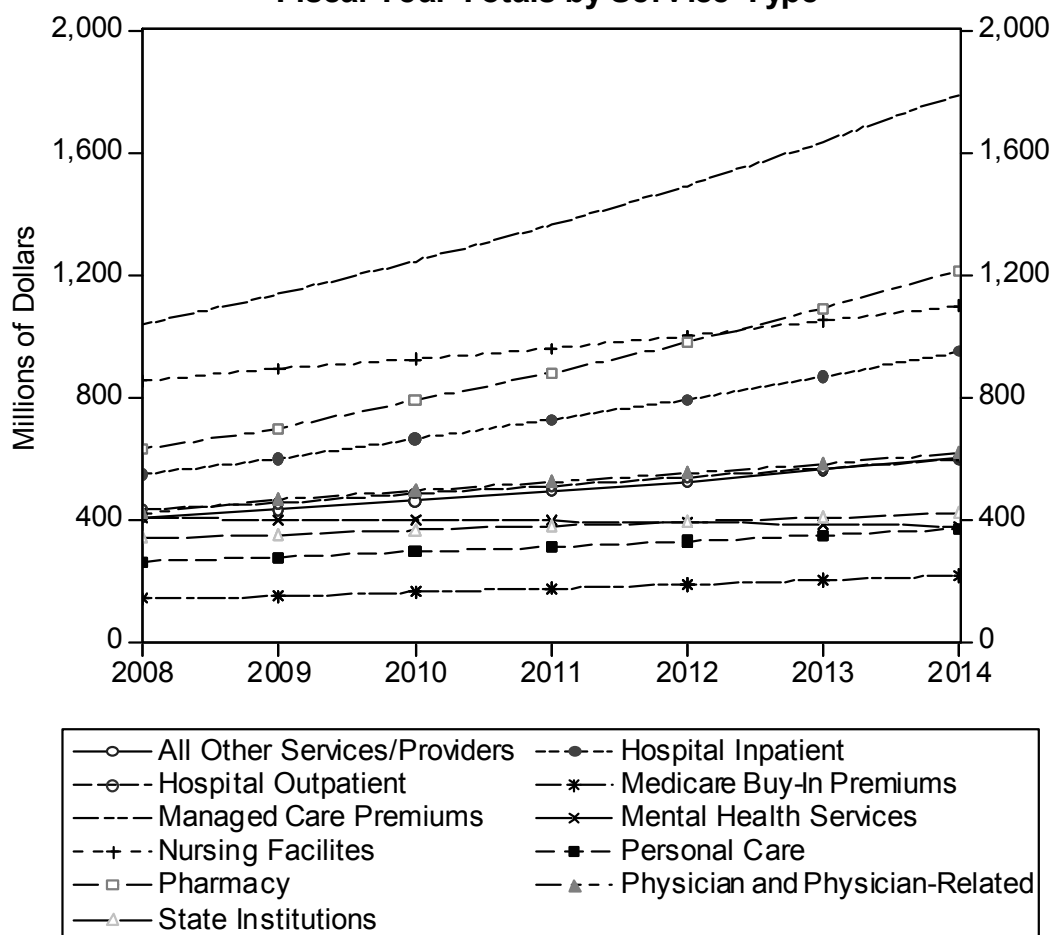
As noted in the Summary, MO HealthNet expenditures are expected to be greatest for the Blind and Disabled population, followed by Children. Over the projection period cumulative expenditures total \$15.230 billion for the Blind and Disabled, and \$8.930 billion for Children (see Table 5). The most rapid growth in spending, however, is for neither of those groups. Expenditures are expected to grow most rapidly (9.0 percent per year) for the Adults (Mandatory) population, which consists mostly of low income non-elderly individuals, followed by young people covered by the State Children's Health Insurance (SCHIP) program (8.8 percent per year) (see Table 6). The annual growth in total expenditures by eligible population is shown graphically in Figure 5 on the next page.

Figure 5
MO HealthNet Expenditures
Fiscal Year Totals by Eligible Population



The most costly MO HealthNet service type over the projection period is expected to be the payment of managed care premiums for MO HealthNet enrollees. Such spending is expected to total \$7.530 billion over the next five years, or slightly more than 19 percent of total MO HealthNet expenditures (see Table 7). The second and third most costly programs are nursing facilities and pharmacy services, respectively, at about 13 percent of the total. Those shares of the total are up very slightly from the actual results for 2008. Annual expenditures by category of service is shown graphically in Figure 6 below.

Figure 6
MO HealthNet Expenditures
Fiscal Year Totals by Service Type



The fastest growth in expenditures in the aggregate is expected for the pharmacy program. Pharmacy services are expected to grow at an 11.7 percent rate over the next five years (see Table 8). The next most rapid rate of growth is found in spending for inpatient hospitals at 9.6 percent over the projection period, followed by managed care premiums at 9.5 percent. As can be seen from the table, the most rapid growth for each of the three services (pharmacy, inpatient hospital, and managed care) is expected in the Northeast region of the state.

Table 7
MO HealthNet Expenditures
Totals by Service Type and Region
(State Fiscal Year in Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2010-2014</u>
Nursing Facilities								
Northwest Region	100.7	105.3	108.2	112.1	116.6	121.7	127.1	585.7
Kansas City Region	119.8	125.3	129.9	134.9	140.8	147.7	154.8	708.0
Southwest Region	154.5	161.9	167.8	175.5	184.3	194.4	204.8	926.9
Northeast Region	101.8	106.7	109.3	113.6	118.9	125.0	131.4	598.2
St. Louis Region	235.5	247.0	256.1	265.0	275.7	288.2	301.2	1,386.2
Southeast Region	142.3	149.2	153.7	159.4	166.0	173.5	181.3	833.9
Out of State	--	--	--	--	--	--	--	--
Total	854.6	895.6	925.0	960.5	1,002.3	1,050.5	1,100.6	5,039.0
Hospital Inpatient								
Northwest Region	49.7	54.1	60.0	65.4	71.4	78.0	85.2	360.0
Kansas City Region	71.1	77.6	85.9	93.9	102.8	112.6	123.4	518.7
Southwest Region	117.9	128.7	143.1	157.4	173.3	190.6	209.6	874.0
Northeast Region	46.5	50.9	57.0	62.6	68.8	75.7	83.3	347.5
St. Louis Region	152.2	165.2	183.4	199.5	217.4	237.1	258.4	1,095.9
Southeast Region	110.7	120.6	132.8	144.4	157.0	170.8	186.0	791.1
Out of State	<u>1.2</u>	<u>2.6</u>	<u>2.9</u>	<u>3.1</u>	<u>3.4</u>	<u>3.7</u>	<u>4.0</u>	<u>17.1</u>
Total	549.3	599.7	665.1	726.5	794.2	868.6	949.9	4,004.2
Hospital Outpatient								
Northwest Region	54.6	56.8	60.5	63.6	66.8	70.3	73.9	335.1
Kansas City Region	59.3	61.9	66.1	69.6	73.4	77.3	81.5	368.0
Southwest Region	115.7	121.4	129.9	137.6	145.9	154.6	163.7	731.6
Northeast Region	39.0	40.9	43.9	46.4	49.1	52.0	55.0	246.3
St. Louis Region	66.5	69.3	74.3	77.9	81.9	86.1	90.4	410.6
Southeast Region	99.7	104.1	110.3	115.5	120.9	126.7	132.8	606.2
Out of State	<u>0.3</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.8</u>	<u>0.8</u>	<u>0.8</u>	<u>3.9</u>
Total	435.1	455.0	485.9	511.3	538.7	567.7	598.1	2,701.7
Pharmacy								
Northwest Region	62.0	68.5	77.7	86.3	95.9	106.6	118.5	485.0
Kansas City Region	68.2	75.5	85.1	94.6	105.4	117.5	130.9	533.5
Southwest Region	163.2	180.6	205.0	229.5	257.0	287.7	322.0	1,301.2
Northeast Region	60.3	66.6	76.1	85.0	95.0	106.3	118.7	481.1
St. Louis Region	116.8	128.8	146.4	162.4	180.3	200.3	222.3	911.6
Southeast Region	161.0	177.9	200.3	221.6	245.3	271.7	300.9	1,239.9
Out of State	<u>0.3</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>1.1</u>	<u>1.2</u>	<u>5.1</u>
Total	631.8	698.7	791.6	880.3	979.9	1,091.1	1,214.6	4,957.5

Table 7
MO HealthNet Expenditures
Totals by Service Type and Region
(State Fiscal Year in Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2010-2014</u>
Physician and Physician-Related								
Northwest Region	35.7	39.4	42.0	44.2	46.5	49.0	51.8	233.5
Kansas City Region	48.0	52.8	56.4	59.7	63.3	67.3	71.5	318.3
Southwest Region	114.8	127.4	135.7	143.5	151.9	160.9	170.5	762.4
Northeast Region	42.2	46.7	50.1	53.0	56.2	59.8	63.6	282.8
St. Louis Region	88.8	97.5	104.3	109.7	115.7	122.3	129.3	581.4
Southeast Region	91.5	101.4	107.2	112.1	117.5	123.2	129.4	589.4
Out of State	<u>0.4</u>	<u>0.9</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.1</u>	<u>1.1</u>	<u>5.2</u>
Total	421.4	466.3	496.6	523.2	552.2	583.6	617.3	2,773.0
Personal Care								
Northwest Region	19.5	20.5	21.8	23.0	24.2	25.6	27.1	121.8
Kansas City Region	21.6	22.7	24.2	25.6	27.1	28.7	30.5	136.0
Southwest Region	36.8	38.6	41.2	43.8	46.7	49.8	53.1	234.8
Northeast Region	23.6	24.8	26.5	28.1	29.9	31.9	34.0	150.5
St. Louis Region	61.8	64.8	69.3	72.8	76.7	81.1	85.7	385.6
Southeast Region	100.9	105.9	112.6	118.5	125.1	132.3	139.8	628.2
Out of State	--	--	--	--	--	--	--	--
Total	264.2	277.2	295.7	311.8	329.8	349.5	370.1	1,656.9
Mental Health Services								
Northwest Region	56.0	54.9	55.6	54.5	53.6	52.7	51.8	268.2
Kansas City Region	65.1	63.8	64.0	63.0	62.1	61.3	60.4	310.7
Southwest Region	59.6	58.3	59.0	58.4	57.9	57.4	56.9	289.6
Northeast Region	73.7	72.2	73.0	72.1	71.4	70.8	70.1	357.5
St. Louis Region	108.8	106.5	107.4	105.6	104.0	102.4	100.8	520.3
Southeast Region	43.9	43.0	43.4	42.6	41.8	41.0	40.3	209.1
Out of State	<u>0.1</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>1.3</u>
Total	407.2	398.9	402.7	396.5	391.0	385.9	380.5	1,956.7
State Institutions								
Northwest Region	50.9	50.5	53.3	55.0	56.7	58.6	60.5	284.2
Kansas City Region	32.0	32.8	34.3	35.5	36.7	38.1	39.5	184.1
Southwest Region	59.8	60.5	63.7	66.2	68.8	71.6	74.4	344.6
Northeast Region	37.4	38.7	40.8	42.3	44.0	45.7	47.5	220.3
St. Louis Region	109.6	112.3	118.4	122.1	126.0	130.2	134.4	631.2
Southeast Region	48.6	50.3	53.1	54.8	56.5	58.4	60.4	283.2
Out of State	<u>1.9</u>	<u>4.0</u>	<u>4.1</u>	<u>4.2</u>	<u>4.3</u>	<u>4.5</u>	<u>4.6</u>	<u>21.7</u>
Total	340.1	349.1	367.7	380.0	393.2	407.1	421.4	1,969.3

Table 7
MO HealthNet Expenditures
Totals by Service Type and Region
(State Fiscal Year in Millions of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2010-2014</u>
Managed Care Premiums								
Northwest Region	71.3	79.9	88.2	96.9	106.4	116.9	128.6	537.0
Kansas City Region	261.5	288.2	315.6	345.4	379.1	416.9	458.2	1,915.1
Southwest Region	52.9	57.5	63.5	69.5	75.9	82.9	91.0	382.8
Northeast Region	134.2	150.9	166.9	184.0	202.8	223.5	246.5	1,023.7
St. Louis Region	471.6	506.9	552.4	601.8	656.3	716.2	781.6	3,308.2
Southeast Region	48.2	53.9	59.2	64.8	71.1	78.0	85.7	358.8
Out of State	<u>0.3</u>	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>0.8</u>	<u>0.9</u>	<u>1.0</u>	<u>4.0</u>
Total	1,040.0	1,137.9	1,246.4	1,363.1	1,492.3	1,635.2	1,792.6	7,529.6
All Other Services/Providers								
Northwest Region	32.9	34.8	37.2	39.6	42.2	45.0	48.1	212.1
Kansas City Region	47.0	49.8	53.2	56.6	60.5	64.9	69.6	304.9
Southwest Region	87.8	92.9	99.8	106.9	114.8	123.5	132.7	577.8
Northeast Region	35.1	37.3	39.9	42.6	45.8	49.3	53.1	230.7
St. Louis Region	84.3	89.1	95.4	101.2	107.9	115.5	123.7	543.7
Southeast Region	121.5	128.7	137.0	145.3	154.4	164.5	175.2	776.4
Out of State	<u>0.1</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>1.0</u>
Total	408.6	432.8	462.7	492.5	525.8	563.0	602.6	2,646.6
Medicare Buy-In Premiums¹								
Total	142.0	151.0	164.0	175.6	188.6	202.9	218.2	949.4
Unassigned²								
Total	570.4	570.4	570.4	570.4	570.4	570.4	570.4	3,422.4
GRAND TOTAL	6,066.8	6,432.6	6,873.7	7,291.8	7,758.3	8,275.7	8,836.4	39,035.9

Note: Details do not add to totals because of rounding.

¹--Data is not available by geographic area.

²--Payments made outside of the claims processing system.

Table 8
MO HealthNet Expenditures
Annual Percentage Change by Service Type and Region
State Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
Nursing Facilities							
Northwest Region	4.6	2.7	3.6	4.0	4.4	4.4	3.8
Kansas City Region	4.6	3.6	3.8	4.4	4.9	4.8	4.3
Southwest Region	4.8	3.6	4.6	5.0	5.5	5.4	4.8
Northeast Region	4.8	2.4	4.0	4.7	5.2	5.1	4.3
St. Louis Region	4.9	3.7	3.5	4.0	4.5	4.5	4.0
Southeast Region	4.9	3.0	3.7	4.1	4.5	4.5	4.0
Out of State	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>
Total	4.8	3.3	3.8	4.4	4.8	4.8	4.2
Hospital Inpatient							
Northwest Region	8.9	10.8	9.1	9.1	9.2	9.3	9.5
Kansas City Region	9.1	10.8	9.3	9.5	9.6	9.5	9.7
Southwest Region	9.1	11.2	10.0	10.0	10.0	10.0	10.3
Northeast Region	9.5	12.0	9.8	9.9	10.0	10.0	10.3
St. Louis Region	8.5	11.0	8.8	9.0	9.1	9.0	9.4
Southeast Region	9.0	10.1	8.7	8.8	8.8	8.9	9.0
Out of State	<u>125.2</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>
Total	9.2	10.9	9.2	9.3	9.4	9.4	9.6
Hospital Outpatient							
Northwest Region	4.0	6.6	5.0	5.1	5.1	5.1	5.4
Kansas City Region	4.4	6.9	5.2	5.4	5.4	5.4	5.7
Southwest Region	4.9	7.1	5.9	6.0	6.0	5.9	6.2
Northeast Region	4.8	7.4	5.6	5.8	5.9	5.8	6.1
St. Louis Region	4.3	7.1	4.9	5.0	5.1	5.1	5.5
Southeast Region	4.4	6.0	4.7	4.7	4.8	4.8	5.0
Out of State	<u>116.0</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>
Total	4.6	6.8	5.2	5.3	5.4	5.4	5.6
Pharmacy							
Northwest Region	10.5	13.5	11.0	11.1	11.2	11.2	11.6
Kansas City Region	10.7	12.7	11.2	11.4	11.5	11.4	11.6
Southwest Region	10.6	13.5	11.9	12.0	12.0	11.9	12.3
Northeast Region	10.5	14.3	11.6	11.8	11.9	11.8	12.3
St. Louis Region	10.3	13.6	10.9	11.0	11.1	11.0	11.5
Southeast Region	10.5	12.6	10.6	10.7	10.7	10.8	11.1
Out of State	<u>128.3</u>	<u>10.8</u>	<u>10.8</u>	<u>10.8</u>	<u>10.8</u>	<u>10.8</u>	<u>10.8</u>
Total	10.6	13.3	11.2	11.3	11.4	11.3	11.7

Table 8
MO HealthNet Expenditures
Annual Percentage Change by Service Type and Region
State Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
Physician and Physician-Related							
Northwest Region	10.4	6.5	5.2	5.3	5.4	5.6	5.6
Kansas City Region	10.0	6.8	5.8	6.1	6.3	6.3	6.2
Southwest Region	11.0	6.5	5.7	5.8	5.9	6.0	6.0
Northeast Region	10.8	7.2	5.8	6.1	6.4	6.4	6.4
St. Louis Region	9.8	6.9	5.2	5.5	5.7	5.7	5.8
Southeast Region	10.8	5.7	4.6	4.8	4.9	5.1	5.0
Out of State	<u>130.8</u>	<u>3.5</u>	<u>3.6</u>	<u>3.6</u>	<u>3.7</u>	<u>3.7</u>	<u>3.6</u>
Total	10.6	6.5	5.3	5.5	5.7	5.8	5.8
Personal Care							
Northwest Region	4.8	6.6	5.2	5.5	5.7	5.7	5.7
Kansas City Region	4.9	6.6	5.6	5.9	6.1	6.1	6.1
Southwest Region	4.9	6.9	6.3	6.6	6.7	6.6	6.6
Northeast Region	5.0	7.0	6.0	6.4	6.7	6.6	6.5
St. Louis Region	4.9	6.9	5.1	5.4	5.7	5.6	5.7
Southeast Region	5.0	6.3	5.3	5.5	5.7	5.7	5.7
Out of State	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>	<u>na</u>
Total	4.9	6.6	5.5	5.8	6.0	5.9	5.9
Mental Health Services							
Northwest Region	-2.1	1.3	-1.8	-1.8	-1.7	-1.7	-1.1
Kansas City Region	-2.1	0.3	-1.5	-1.4	-1.4	-1.4	-1.1
Southwest Region	-2.1	1.2	-1.1	-0.9	-0.8	-1.0	-0.5
Northeast Region	-2.0	1.2	-1.2	-1.0	-0.8	-1.0	-0.6
St. Louis Region	-2.2	0.9	-1.6	-1.5	-1.5	-1.6	-1.1
Southeast Region	-2.0	1.0	-2.0	-1.9	-1.8	-1.8	-1.3
Out of State	<u>102.2</u>	<u>-2.1</u>	<u>-2.1</u>	<u>-2.1</u>	<u>-2.1</u>	<u>-2.1</u>	<u>-2.1</u>
Total	-2.0	1.0	-1.5	-1.4	-1.3	-1.4	-0.9
State Institutions							
Northwest Region	-0.8	5.6	3.1	3.2	3.3	3.3	3.7
Kansas City Region	2.5	4.5	3.3	3.6	3.7	3.7	3.8
Southwest Region	1.2	5.3	3.9	4.0	4.0	4.0	4.2
Northeast Region	3.4	5.5	3.8	3.9	4.0	3.9	4.2
St. Louis Region	2.5	5.4	3.1	3.2	3.3	3.3	3.7
Southeast Region	3.5	5.5	3.1	3.3	3.3	3.3	3.7
Out of State	<u>113.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>	<u>3.2</u>
Total	2.6	5.3	3.3	3.5	3.5	3.5	3.8

Table 8
MO HealthNet Expenditures
Annual Percentage Change by Service Type and Region
State Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	Avg. Ann. <u>2009-2014</u>
Managed Care Premiums							
Northwest Region	12.0	10.4	9.9	9.8	9.9	10.1	10.0
Kansas City Region	10.2	9.5	9.4	9.8	10.0	9.9	9.7
Southwest Region	8.8	10.3	9.5	9.2	9.3	9.8	9.6
Northeast Region	12.5	10.6	10.3	10.2	10.2	10.3	10.3
St. Louis Region	7.5	9.0	8.9	9.1	9.1	9.1	9.0
Southeast Region	11.8	9.7	9.6	9.6	9.8	9.9	9.7
Out of State	<u>96.0</u>	<u>9.6</u>	<u>9.6</u>	<u>9.6</u>	<u>9.6</u>	<u>9.6</u>	<u>9.6</u>
Total	9.4	9.5	9.4	9.5	9.6	9.6	9.5
All Other Services/Providers							
Northwest Region	5.9	6.9	6.3	6.6	6.8	6.8	6.7
Kansas City Region	5.8	6.9	6.5	6.9	7.3	7.2	6.9
Southwest Region	5.9	7.4	7.1	7.3	7.5	7.5	7.4
Northeast Region	6.2	7.0	6.9	7.4	7.8	7.7	7.4
St. Louis Region	5.8	7.0	6.1	6.6	7.1	7.0	6.8
Southeast Region	5.9	6.4	6.1	6.3	6.5	6.5	6.4
Out of State	<u>118.5</u>	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>
Total	5.9	6.9	6.4	6.8	7.1	7.0	6.8
Medicare Buy-In Premiums¹							
Total	6.4	8.6	7.1	7.4	7.6	7.5	7.6
Unassigned²							
Total	--	--	--	--	--	--	--
GRAND TOTAL	6.0	6.9	6.1	6.4	6.7	6.8	6.6

na--Not applicable.

¹--Data is not available by geographic area.

²--Payments made outside of the claims processing system.

The table below (Table 9) gives the expected average annual growth in expenditures for the six-year period between SFYs 2008 and 2014 by eligible population and service. It shows that, across eligibility groups, pharmacy and inpatient hospital services are expected to experience rapid expenditure growth. For other services, however, average annual growth varies across populations.

Table 9
MO HealthNet Expenditures
Average Annual Growth Rates by Service Type and Eligible Population
SFY 2008 - 2014

<u>Service Type</u>	<u>Aged</u>	<u>Blind and Disabled</u>	<u>Adults (Optional)</u>	<u>Adults (Mandatory)</u>	<u>Children</u>	<u>SCHIP</u>	<u>Other</u>	<u>Total</u>
Nursing Facilities	4.0%	3.8%	2.3%	4.2%	-15.2%	na	4.4%	4.0%
Hospital Inpatient	10.0%	9.9%	9.0%	9.6%	8.8%	10.3%	a	9.6%
Hospital Outpatient	5.8%	5.7%	5.0%	3.5%	4.9%	5.5%	6.4%	5.5%
Pharmacy	11.9%	11.7%	10.8%	11.4%	10.9%	11.5%	12.0%	11.5%
Physician	3.4%	3.2%	2.5%	2.8%	2.1%	2.8%	4.5%	3.1%
Clinic	8.7%	8.5%	7.6%	8.3%	7.5%	8.5%	9.3%	8.3%
Other Physician-Related	3.5%	3.4%	2.6%	2.8%	2.5%	3.1%	3.7%	2.8%
Personal Care	5.9%	5.7%	4.9%	4.9%	3.9%	-9.1%	6.3%	5.8%
Mental Health Services	-0.6%	-1.1%	-1.4%	-3.4%	-2.1%	-1.5%	na	-1.1%
State Institutions	4.2%	3.7%	3.5%	3.5%	3.3%	3.7%	4.1%	3.6%
Managed Care Premiums	na	na	9.7%	9.8%	9.3%	9.7%	12.3%	9.4%
Medicare Buy-In Premiums	7.5%	7.3%	na	6.7%	na	na	8.2%	7.4%
All Other Services	<u>6.9%</u>	<u>6.7%</u>	<u>5.8%</u>	<u>6.4%</u>	<u>5.6%</u>	<u>6.5%</u>	<u>7.4%</u>	<u>6.7%</u>
Total	5.2%	6.5%	7.1%	8.9%	8.0%	8.7%	8.3%	6.9%

na--No services in the category.

a--Divided by negative value, so growth rate cannot be computed.

Financial Need Going Forward

As noted, general revenue funding for the MO HealthNet program for the past 2 years accounted for 23 percent of total program spending (see Table 4). Applying that percentage to the expenditure projections found in this report suggest that general revenue funding for MO HealthNet will total \$1.479 billion in SFY 2009, \$1.581 billion in SFY 2010, and \$8.978 billion over the period of SFYs 2010 - 2014. LBO therefore estimates that under current law and reimbursement policies (LBO expresses no opinion about the adequacy of current reimbursement rates), general revenue requirements in 2010 will increase by about \$102 million. Over the 5 year period, the cumulative increase in general revenue spending needed to sustain the current MO HealthNet program is \$1.581 billion.

The projected increase in general revenue funding required under current policies is substantial. The ability of state government to provide those additional resources depends critically on future growth in state revenues.

The table below compares the increase in general revenue MO HealthNet expenditures and the increase in total general revenue receipts under two different paths for trend revenue increases. The first path assumes that net general revenue receipts grow at the historical growth rate for the past 10 years of 3.0 percent, and the second path assumes that net general revenue receipts grow at the historical rate of the past 5 years of 6.2 percent. Both paths assume that net general revenue receipts for SFY 2009 end \$625 million below the consensus revenue forecast that underlay SFY 2009 appropriations, and that the budget is balanced in the current year without changes in either revenues or the MO HealthNet program.

Table 10
Increase in General Revenue MO HealthNet Expenditures
and Total General Revenue Receipts
(State Fiscal Year, in Millions)

	<u>2010</u>	<u>2010 - 2014</u>
MO HealthNet General Revenue Growth	102	1,581
3 Percent Annual Revenue Growth	228	3,562
6.2 Percent Annual Revenue Growth	471	7,684

As can be seen from the table, the \$102 million growth in general revenue MO HealthNet spending expected for SFY 2010 would require almost half (45 percent) of the \$228 million trend growth in revenues at a 3 percent growth rate, and much less (22 percent) of the \$471 million trend growth at a 6.2 percent growth rate. As a point of reference, total general revenue MO HealthNet spending required about 17 percent of total net general revenue receipts in SFY

2008, so these shares of trend growth in both cases are slightly above the share of total general revenue receipts consumed by MO HealthNet in that year.

Over the five year period 2010 - 2014, the effects of compounding make more apparent the importance of healthy general revenue growth in financing the current MO HealthNet program. Under the 3 percent trend revenue growth assumption, the \$1.581 billion of additional MO HealthNet general fund spending will consume 44 percent of the projected additional growth in general revenue fund receipts of \$3.562 billion; under the 6 percent trend revenue growth assumption, the share of general revenue growth required by the MO HealthNet program is reduced to 21 percent. It would be difficult to sustain the projected levels of MO HealthNet spending on a revenue base that grows at only 3 percent, but it becomes more plausible on a revenue base that grows at 6.2 percent.

For the coming year, given the current national economic recession, it is likely that state general revenues will grow at closer to the 3 percent average of the past 10 years rather than the 6.2 percent of the past 5 years. Until the health of the Missouri economy improves – and with it the growth in state revenues – it will be difficult to provide for the future financial needs of the MO HealthNet program.

Projection Methodology

Overview

The MO HealthNet projections contained in this report are based on three things: (1) claims payments by type of service for the average user in a given enrollment group, (2) the ratio of users to total enrollment in that group, and (3) expected growth in the state's population for the age cohorts contained within that enrollment group. Simply put, the projections look to why a person is eligible for the MO HealthNet program, estimate the change in the total number of such persons based on underlying population change, and, assuming similar use of medical services over time and trend growth in claims payments per user, compute the future cost of serving those individuals.

Historical information on both claims payments and the number of enrollees were provided by the Department of Social Services. The data consisted of county level monthly claims payments for the period March 2000 through October 2008, and monthly counts of persons eligible for benefits for the period July 2006 through September 2008. They were compiled using summary files that are used as the basis for the MO HealthNet information provided in the Department's Monthly Management Report.

Projections of county population for the period 2005 through 2020 were provided by the State Demographer in the Office of Administration. The projections are based on the state's preferred series of Missouri population projections, which estimate the state's population by five-year age groupings at five-year intervals for all 114 counties and the city of St. Louis. The projections are based on 2000 census data, including corrections made through the Bureau's Count Question Resolution program. The projections were interpolated for years between the five-year projection intervals and for certain age groupings to more closely correspond to the MO HealthNet eligibility criteria.

In the initial compilation of the county level data provided by the Department of Social Services, the Legislative Budget Office requested that the data be sorted into 24 separate eligibility groups and 23 separate service groups. On the eligibility side, some groups were combined to marry the enrollment data with the claims data because the enrollment data did not have eligibility classes that matched the claims data. On the services side, analysis suggested that some services would be better combined in order to compute trend growth.

The final projections were made using the following 7 eligibility groupings and 12 service groupings:

Eligible Populations—

- Aged;
- Blind and Disabled;
- Adults (Mandatory), which consists of adults with incomes below the eligibility threshold of the former Aid to Families with Dependent Children [AFDC]

program or pregnant women with income below certain levels whose benefits are required under federal law;

- Adults (Optional), which consists of adults that the state has elected to provide benefits to, such as additional groups of pregnant women, the Breast or Cervical Cancer program, the Blind Pension program and the Ticket-to-Work program;
- Children, including the Independent Foster Care program;
- State Children's Health Insurance [SCHIP] participants; and
- Other, which consists of smaller groups such as Refugees, Qualified Medicare Beneficiaries, and the former General Relief population.

Service and Provider Groups—

- Nursing Facilities;
- Hospital Inpatient;
- Hospital Outpatient;
- Pharmacy;
- Physician and Physician-Related, which includes clinics;
- Personal Care;
- Mental Health Services;
- State Institutions;
- Managed Care Premiums; and
- All Other Services and Providers.

Additional Detail on Eligible Population Projections

Actual enrollment in the MO HealthNet program on September 30, 2008, is used as the base figures for the number of persons eligible to participate in the MO HealthNet Program. These data were grouped by population (eligibility category) and matched with the 2008 population projections by county for similar age cohorts. A ratio of enrollment by eligibility category to the total population was computed; this ratio was assumed to hold constant for state fiscal years 2009 through 2014. Enrollment for each fiscal year was calculated by applying that ratio to the average of the population projections for the current year and following year. (The average is computed to give a figure more representative of the average population during the state's fiscal year.)

To put it another way, the approach is to find out the odds that a member of an age cohort would be a MO HealthNet beneficiary. It is then assumed that those odds stay constant over the projection period, and that caseload will vary based on the changes in the projections of the population for the age cohort. Thus, the projections simply account for projected changes in population by county, but do not take into account changes in economic conditions that would affect means-tested programs. This is somewhat mitigated by the choice of September 30, 2008 enrollment figures since they incorporate some of the effects of the current national economic recession.

Additional Detail on Expenditure Projections

The monthly cost per user was computed on a statewide basis for each of the service groupings for the period March 2000 through October 2008. The data were smoothed using a 7 month centered moving average to better reveal trends, resulting in 98 months of data. Trend growth was computed using ordinary least squares for the full smoothed data series, except in cases where the trend had clearly changed. The SFY 2008 average cost per user of service (effectively, the average cost per claim) computed at the county level was inflated at the trend growth rate, and multiplied by the share of county enrollment that used the service in fiscal year 2008.

The methodology was adjusted in the case of physician payments. Legislative efforts in the past two years to increase reimbursement to physicians as a percentage of the Medicare rate paid for the same service has resulted in an extremely rapid average rate of increase for physician claims. To provide projections more reflective of what baseline growth would be absent those rate increases, LBO used the trend in growth for the period ending in February, 2006, as the trend growth rate for physicians.

The trend growth rates used in the analysis are shown in the following table:

Table 11
Trend Growth in MO HealthNet Cost Per User
Annual Fiscal Year Percentage Change

<u>Service Type</u>	<u>Growth Rate (%)</u>
Nursing Facilities	2.9
Hospital Inpatient	9.0
Hospital Outpatient	4.8
Pharmacy	10.8
Physician	2.4
Clinic	7.6
Other Physician-Related	2.3
Personal Care	5.0
Mental Health Services	-2.1
State Institutions	3.2
Managed Care Premiums	9.6
Medicare Buy-In Premiums	6.4
All Other	5.9

In addition, the trend growth rates were increased in fiscal year 2009 to reflect reimbursement increases provided through the appropriations process for physician reimbursement rates and the nursing facility per diem. The average monthly cost per user for 2009 was increased at a 5 percent annual rate for nursing facilities and by a 13.6 percent annual rate for physician and

physician-related services to account for those increases. The rates revert to the trend rate in Table 11 for years after 2009.

An adjustment also is made to account for the difference between payments made through the claims processing system (the data used in this report) and the total cost of the program as recorded by the Office of Administration, Division of Budget and Planning. This adjustment is \$570.4 million in SFY 2008, and is held constant in future years. It is currently viewed by LBO as a random variable, and accordingly the best forecast is the last observed data point.

Statewide data for expenditures and claims by eligible population and service for the base year used in these projections, SFY 2008, is given as a reference in the Table 12, which is found on the next page.

Table 12
Missouri MO HealthNet Program
Fiscal Year 2008 Expenditures and Claims for Services
By Eligible Population and Service Type

<u>Service Type</u>	<u>Aged</u>		<u>Blind and Disabled</u>		<u>Adults (Mandatory)</u>		<u>Adults (Optional)</u>		<u>Children</u>		<u>SCHIP</u>		<u>Other</u>	
	<u>Dollars</u>	<u>Claims</u>	<u>Dollars</u>	<u>Claims</u>	<u>Dollars</u>	<u>Claims</u>	<u>Dollars</u>	<u>Claims</u>	<u>Dollars</u>	<u>Claims</u>	<u>Dollars</u>	<u>Claims</u>	<u>Dollars</u>	<u>Claims</u>
Nursing Facilities	651,103,982	228,842	200,682,433	64,427	117,528	35	2,555,757	1,030	310,095	39	0	0	95,080	191
Hospital Inpatient	17,353,512	2,880	306,491,527	46,500	51,895,735	20,631	5,855,565	2,206	162,099,746	34,309	5,525,814	1,170	-58,229	7
Hospital Outpatient	37,186,379	156,399	250,510,484	511,204	57,363,613	145,997	12,986,630	33,217	66,427,359	232,669	9,353,186	28,650	890,580	5,288
Pharmacy	21,477,247	294,168	429,269,180	1,016,619	38,320,329	239,343	16,912,589	57,362	106,691,068	658,129	17,973,289	99,100	29,439	192
Physician	4,054,831	82,766	11,668,750	151,684	9,239,094	28,496	754,135	7,212	1,835,375	22,504	217,799	2,961	109,134	2,297
Clinic	30,757,601	322,514	123,171,964	766,878	26,201,204	178,267	6,118,599	41,535	25,685,592	246,228	2,261,269	28,255	653,164	9,837
Other Physician-Related	3,388,682	110,848	49,224,193	310,290	14,057,917	144,334	4,595,331	59,877	100,439,463	813,093	9,916,681	91,263	88,344	2,263
Personal Care	92,389,207	187,538	163,206,783	208,450	620,755	815	8,279,352	9,484	34,919	61	98	2	4,504	4
Mental Health Services	21,194,564	5,772	361,599,977	109,884	199,124	277	2,245,957	840	21,629,442	11,291	351,239	1,098	0	0
State Institutions	12,387,146	14,745	222,653,569	309,740	9,598,450	20,400	409,972	1,007	91,040,872	107,460	4,913,075	11,440	7,641	9
Managed Care Premiums	0	0	18,885	0	304,884,563	873,728	4,582,508	16,501	675,621,127	3,397,615	57,297,651	461,889	513,328	2,263
All Other Services/Providers	176,082,208	1,663,525	151,552,991	2,817,234	20,895,065	683,383	4,793,063	88,072	48,097,092	2,546,187	7,285,801	182,064	407,028	17,056
Medicare Buy-In Premiums	50,568,019	480,241	71,705,863	725,096	7,416,891	74,809	0	0	0	0	0	0	12,245,384	127,766
Total	1,117,943,378	3,550,238	2,341,756,599	7,038,006	540,810,268	2,410,515	70,089,458	318,343	1,299,912,150	8,069,585	115,095,902	907,892	14,985,397	167,173

Appendix

Comparison of 2008 Expenditure Projections and Actual Expenditures

LBO's estimates for the 2008 fiscal year in total were very close to the mark, but their accuracy varied in the details. The two tables below compare LBO's projections for fiscal year 2008 by eligible population and service type. As can be seen on the tables, much of the error in the detailed projections occurs in areas where eligibility was changed or reimbursement was increased for 2008.

The table below shows that LBO overestimated the impact of expanded eligibility for the SCHIP program. LBO used the fiscal note estimate for the number of additional enrollees that would result from modifications to the affordability test, but actual average enrollment in SCHIP for SFY 2008 was below SFY 2007 levels. LBO also did not anticipate the increase in spending for low income non-elderly adults (Adult (Mandatory) in the table below).

Table A-1
Total MO HealthNet Expenditures
Comparison of LBO Projections and Actuals for Fiscal Year 2008
By Eligible Population

<u>Eligible Population</u>	<u>Projected</u>	<u>Actual</u>	<u>Actual - Projected</u>
Aged	1,143,592,831	1,117,943,378	-25,649,453
Blind Pension	26,430,461	25,748,446	-682,015
Blind and Disabled	2,350,630,683	2,341,756,599	-8,874,084
Adults (Mandatory)	485,934,387	536,661,820	50,727,433
Adults (Optional)	50,772,255	44,341,012	-6,431,243
Children	1,294,330,667	1,299,912,150	5,581,483
SCHIP	151,130,218	115,095,902	-36,034,316
Other	15,378,600	14,987,681	-390,919
Not in Claims System	<u>547,704,277</u>	<u>570,399,742</u>	<u>22,695,465</u>
Total	6,065,904,379	6,066,846,730	942,351

The table on the next page shows that LBO also overestimated the impact of increased physician reimbursement rates, overestimated spending on hospital services, and underestimated the impact of the expansion of managed care in January, 2008.

Those errors were considered in checking the assumptions used in this year's projections.

Table A-2
Total MO HealthNet Expenditures
Comparison of LBO Projections and Actuals for Fiscal Year 2008
By Service Type

<u>Service</u>	<u>Projected</u>	<u>Actual</u>	<u>Actual - Projected</u>
Nursing Facilities	853,116,258	854,864,875	1,748,617
Hospital Inpatient	601,987,385	549,164,869	-52,822,516
Hospital Outpatient	452,342,872	434,718,231	-17,624,641
Pharmacy	612,627,442	630,673,522	18,046,080
Physician	32,071,569	23,730,670	-8,340,899
Clinic	219,107,349	214,849,368	-4,257,981
Other Physician-Related	205,231,767	181,710,623	-23,521,144
Personal Care	261,004,509	264,535,618	3,531,109
Mental Health Services	406,916,136	407,220,303	304,167
State Institutions	346,026,765	341,010,725	-5,016,040
Managed Care Premiums	996,832,086	1,042,918,062	46,085,976
Medicare Buy-In Premiums	139,852,895	141,936,157	2,083,262
All Other Services	391,083,069	409,113,965	18,030,896
Not in Claims System	<u>547,704,277</u>	<u>570,399,742</u>	<u>22,695,465</u>
Total	6,065,904,379	6,066,846,730	942,351